

The Treasury

Budget 2017 Information Release

Release Document July 2017

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Key to sections of the Official Information Act 1982 under which information has been withheld.

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[1]	to prevent prejudice to the security or defence of New Zealand or the international relations of the government	6(a)
[4]	to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial	6(c)
[11]	to damage seriously the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the entering into of overseas trade agreements.	6(e)(vi)
[23]	to protect the privacy of natural persons, including deceased people	9(2)(a)
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[29]	to avoid prejudice to the substantial economic interests of New Zealand	9(2)(d)
[31]	to maintain the current constitutional conventions protecting collective and individual ministerial responsibility	9(2)(f)(ii)
[33]	to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials	9(2)(f)(iv)
[34]	to maintain the effective conduct of public affairs through the free and frank expression of opinions	9(2)(g)(i)
[36]	to maintain legal professional privilege	9(2)(h)
[37]	to enable the Crown to carry out commercial activities without disadvantages or prejudice	9(2)(i)
[38]	to enable the Crown to negotiate without disadvantage or prejudice	9(2)(j)
[39]	to prevent the disclosure of official information for improper gain or improper advantage	9(2)(k)
[40]	Not in scope	

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) and section 18 of the Official Information Act.

New Zealand Defence Force: Underwater Intelligence, Surveillance and Reconnaissance Implementation Business Case

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Purpose

This paper seeks Cabinet approval to proceed with a contract for replacement underwater surveillance systems for the Royal New Zealand Air Force's six P-3K2 Orions. The \$36.1 million capital sought for this purchase is consistent with funding envisaged in the Defence White Paper (DWP).

Comment

The current underwater surveillance systems on the P-3s are [1]

This strategic case for investment remains sound, but due to delays associated with the Defence White Paper, the total benefits are lower as they will now be realised over a shorter period than foreseen at the single stage business case.

The New Zealand Defence Force (NZDF) has requested this investment in order to retain operator skills and ensure continuity of this niche capability until such time as the P-3s are retired (anticipated in the mid 2020s).[33]

The investment is to be funded through a capital injection of \$36.111 million (charged as a pre-commitment against Budget 2017), with operating costs of \$1.2 million incurred from 2017/18 to 2019/20 and in outyears to be charged against NZDF tagged operating contingency established at Budget 2016.

Treasury Recommendation

We recommend that you **support** the recommendations in this paper.

Title	Pg	Recommend	Fiscal Implications (\$m GST excl.)					Treasury Comment
			15/16	16/17	17/18	18/19	Out years	
NZDF: Underwater Intelligence, Surveillance and Reconnaissance Implementation Business Case		Support	<i>Operating</i>					Funding sought is consistent with that envisaged in the Defence White Paper.
			-	-	-	-	-	
			<i>Capital</i>					
			-	-	36.111	-	-	